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pation with dollar-getting. What is called corruption by the press is really no more than the acute expression in individual cases of this general fault.

He adds ironically :

I wish I could catch the soul of Herbert Spencer and tether it in Chicago for awhile to gather fresh evidence upon the superiority of unfettered individualistic enterprises to things managed by the state.

Mr. Wells takes little interest in the campaign of personalities which seems at the present moment to be an obsession in America.

In a game [he is speaking of business in America] which is bound to bring the losers to despair it is childish to charge the winners with murder. It is the game that is criminal.

From scattered sentences as well as from the general tenor of his book one may get the gist of his criticism of the sources of corruption. The economic and political disorders from which we seem at present to be suffering in America are attributable in his opinion to general causes for which all are nearly equally responsible. And they can be cured, not by an outburst of brutalities and insults, but by political and social action, by strengthening the powers and organization of the state, and by securing to each one the rewards of effort within the limits of public welfare. For the general outline of a programme to carry this reform into effect the reader will have to consult the book itself.

GARRETT DROPPERS

UNIVERSITY OF CHICAGO

The Taxation of the Gross Receipts of Railways in Wisconsin.

By GUY EDWARD SNIDER. ["Publications of the American Economic Association," November, 1906.] 8vo, pp. viii+138.

This paper presents numerous facts of interest to the student of taxation and is valuable as an investigation of original sources. The author attempts to justify the acceptance of gross receipts as the basis for taxation of railways from the experience of Wisconsin, Michigan, Missouri, and Iowa, with different methods of taxation. The main argument he advances in favor of the tax on gross receipts is its simplicity of administration in comparison with the ad-valorem tax. However, he considers that the tax on gross receipts is not without its defects, even from the point of view of administration. There is difficulty in determining the mileage upon

which the tax should be assessed, in accurately defining and ascertaining gross receipts, and in determining what proportion of the gross receipts of an interstate line should be credited to a particular state.

The market price of stocks and bonds is not a practical criterion for the valuation of railways, because in many cases the securities are not on the market (p. 65). Nor do the securities quoted represent the property appraised. "The value of stocks and bonds . . . includes localized property not used for railway purposes and locally taxed—perhaps even located in different states" (p. 66). Stock-exchange practices and the desirability of securities for purposes of control vitiate market price as a basis for valuation. "The market value of stocks and bonds is sometimes inflated beyond the real value by these circumstances of control" (p. 68).

Unfortunately, the author fails to show why value due to stock-exchange practices and to the desirability of control is not as proper a subject for taxation as any other form of value. Talk of market value not corresponding with real value is naïve, to say the least. The same is true of the following statement, which, if taken seriously, would constitute an objection to taxing any class of property upon the basis of market value:

It is doubtless true, however, that, while the few shares transferred on the exchange may bring a given price, if the total number of securities were placed on the market, the price would decline so materially that the price paid for the few would be no indication of the market price of the whole (p. 68).

Although the author condemns the market value of stocks and bonds as a basis of taxation yet one of his arguments for the plan he advocates is:

There is so marked a relation between the amount of gross earnings per mile and the market price of stocks and bonds per mile that, while gross earnings cannot be said to be an absolutely accurate guide, they are a fairly reliable measure of the extent that market price indicates value (p. 70).

He reaches this conclusion after presenting figures that show wide variations in the ratio of gross receipts and market value.

Rejecting the market price of stocks and bonds as an index to the value of railway property, he accepts net earnings as a satisfactory standard (pp. 70, 71). However, in a preceding footnote he had remarked:

Too great weight should not be given to results based upon the statistics showing net earnings. The term "net earnings" or "receipts" is used by railway officials to describe several different items, as may be seen by an examination of railway reports (p. 60).

After examining the experience of Missouri, Iowa, and other states with the ad-valorem tax, the author concludes:

The inequalities in the ad-valorem system are especially insidious and dangerous. They are not due to some circumstance within the industry, as in the gross-earnings tax, but are forced from the outside and to a great extent are due to political causes (pp. 98, 99).

While he shows that the assessment upon the ad-valorem basis in Michigan and Wisconsin is not perfect, yet it appears from the facts he presents that the ad-valorem tax as applied to railways has been superior in these states to the tax on gross receipts.

His final conclusion is against the utility of attempting to secure equality of taxation. In the place of the principle of equality he would substitute the idea of "social utility" (pp. 118-21). However, he fails to indicate clearly the connotation of this term.

Would not the adoption of the vague principle of "social utility" be equivalent to the abandonment of all definite bases of taxation? What is social utility? The ideal of equality is difficult to attain, but no system of taxation that does not attempt to equalize burdens will ever find acceptance in the popular consciousness. Property as the measure of ability and obligation to pay taxes certainly has its disadvantages, but it is superior to the indefinite generality "social utility." The fundamental defect in the author's argument is that it fails to recognize the necessity of considering the taxation of railways as a part of a general system of taxation. No matter how simple the administration of a tax may be, the tax is unjustifiable if it tends to produce inequality in the distribution of burdens. It may be shown from the data presented in the monograph that the tax on gross receipts does this even among railways, to say nothing of railways and other property.

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ROBERT MORRIS

The Lodging-House Problem in Boston. By ALBERT B. WOLFE. ["Harvard Economic Studies," Vol. II.] Boston: Houghton, Mifflin & Co., 1906. 8vo, pp. 200.

A great deal of minute observation is certainly included in this volume. We learn, for instance, that in the Boston lodging-house